

Statement for the Record

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Secretary

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Before the

**United States Senate
Committee on Appropriations**

March 8, 2006

Mr. Chairman, Senator Byrd and Members of the Committee:

I am pleased to appear before the Committee to present the Department of Homeland Security's supplemental funding request that will further strengthen recovery efforts, continue to deliver services to Gulf Coast disaster victims and provide for continued recovery of DHS facilities and staff impacted in the region. I would like to thank the Committee for the support provided through the previous supplemental appropriations. To date, we have received over \$36.9 billion in net appropriations for response and recovery efforts associated with Hurricanes Katrina, Rita and Wilma and have accomplished a lot with those funds. Before beginning to outline our request, I would first like to provide additional background on the disaster and some of the Department's activities to date.

Scope of Disaster and Activities

The scope of the damage caused by Hurricane Katrina is unprecedented – with some 90,000 square miles of impacted areas- an area larger than Great Britain and three-and-a-half times the area inundated by the Great Mississippi flood of 1927.

Katrina also forced an estimated 770,000 people to seek refuge in other parts of our country, representing the largest displacement of Americans since the great Dust Bowl migrations of the 1930s.

The Coast Guard rescued 33,000 people -- six times higher than the number of rescues in all of 2004. In addition, Federal Emergency Management Agency (FEMA) coordinated the rescue of more than 6,500 people and for the first time deployed all 28 of its Urban Search and Rescue teams for a single event. The combined rescues performed by these two agencies total almost 40,000 -- more than seven times the number of people rescued during the Florida hurricanes in 2004

U.S. Customs and Border Protection (CBP) performed over 1,428 missions, which included 672 law enforcement, 128 search and rescue, 78 recovery, 444 hurricane relief, and 97 other logistical support missions. During operations, CBP saved over 328 lives; provided food, water and other supplies to thousands of people impacted by the hurricanes; and donated well over \$20 million dollars in seized goods and humanitarian aid. The Transportation Security Administration (TSA) flew in hundreds of air passenger screeners and federal air marshals to supply ad hoc security during the massive airlift of storm evacuees from New Orleans. TSA processed thousands of evacuees. More than 22,000 people were flown out of New Orleans on military and civilian aircraft; in a single day at the Houston airports, more than 50,000 passengers were screened -- nearly double the traffic on previous peak days.

As of February 28, 2006, FEMA has committed \$6.7 billion to housing and other needs assistance to hurricane victims in the Gulf Coast, an amount that more than doubles the combined total of Individuals and Household Assistance Program (IHP) dollars given for six major U.S. natural disasters occurring since 1992. More than 700,000 households have received apartment rental assistance under FEMA's Individuals and Households Assistance Program (\$1.7 billion committed). Through February 28, 2006, approximately 69 percent of the debris caused by the storms has been cleared in Mississippi; 55 percent in Louisiana. A total of 77 million cubic yards of debris have been

removed from the Coast, overtaking the amount of debris from the September 11, 2001 attacks and Hurricane Andrew combined -- by 20 million cubic yards.

Supplemental Funds Have Been Used

To date, Congress has provided \$36.6 billion in supplemental funds to FEMA's Disaster Relief Fund (DRF) to support response, relief, and recovery activities in the wake of hurricanes Katrina, Rita and Wilma. Given the unprecedented scale of the damage and the Federal response, the Administration expects FEMA to make full use of these funds for programs authorized by the Stafford Act. With the long-term recovery efforts continuing, DRF allocations may reach nearly \$40 billion over the next few months.

Nearly \$31 billion (78%) of that amount has already been allocated to major program areas including human services (housing, disaster unemployment insurance, counseling services and other needs assistance); public assistance (including public infrastructure costs, state run debris removal, and emergency assistance to states for responder overtime, search and rescue, evacuations, and emergency sheltering operations); and mission assignments to other Federal agencies, including the Corps of Engineers, Department of Defense, and Environmental Protection Agency.

In addition, funds have been used to support FEMA operations in the affected states, including logistical support such as travel, transportation, temporary staff, communications, and support contracts; to purchase water, ice, food, tents, and other materials for victims and responders; and for long-term deployment of urban search and rescue teams. To date, over \$4 billion has been allocated for these activities.

To support essential local government operations, Congress authorized \$1 billion of loan authority for the Community Disaster Loan Program (CDL) in the Community Disaster Loan Act of 2005. The CDL program provides loans to local governments who experience at least a 5% loss of annual revenue during the year the disaster occurred. The maximum loan amount is 25% of the local government's annual operating budget or the total anticipated revenue loss during the current year and subsequent three years, whichever is less. Funds provided under the CDL program have supported essential local government operations, including law enforcement, fire department schools, and public sanitation functions.

Based on the level of interest expressed by potential applicants in Louisiana and Mississippi, FEMA allocated \$700 million to Louisiana and \$300 million to Mississippi. To date FEMA has approved over \$539 million in loans in Louisiana and over \$91 million in Mississippi, with additional applicants still likely to apply. Loan processing is continuing at both the state and Federal level.

In addition to providing funding to FEMA's Disaster Relief Fund and for the CDL program, the Congress has provided funding for other DHS agencies to support repair, rebuilding and replacement of equipment and facilities damaged in Hurricanes Katrina, Rita, and Wilma.

The Coast Guard received a total of \$206.5 million in emergency supplemental funds for Hurricanes Katrina and Rita.

These funds have supported immediate, incremental logistical costs for personnel affected or responding to Hurricanes Katrina and Rita, including costs for temporary assigned duty, loss of uniforms, medical expenses, activation of Coast Guard Reservists, civilian overtime, and the issuing of Permanent Change of Station orders to affected personnel. These funds also addressed the infrastructure costs needed to make temporary repairs to severely damaged facilities requiring long term support, to make permanent repairs to minor damaged facilities and Coast Guard infrastructure, to replace and restore lost navigational aids, repair or replace severely damaged Coast Guard small boats, and replace lost or destroyed Coast Guard property at facilities affected by Katrina and Rita in Florida, Alabama, Mississippi, Louisiana, and Texas.

To support longer term needs of the Coast Guard as a result of damage suffered, the Congress also provided funding to initiate permanent recapitalization efforts to all severely damaged or destroyed Coast Guard facilities and other programs directly affected. Specific funding allocation includes:

- \$13.5 million to rebuild Station Gulfport, MS
- \$9.8 million for survey and design work associated with the Integrated Support Command (ISC) New Orleans relocation and reconstruction at the NASA facility in Michoud, LA, including master plan development, geotechnical survey work, environmental assessment, design document specifications and government travel
- \$17.375 million for Sector New Orleans construction and repairs
- \$10.2 million for the recovery of maritime distress communications infrastructure, and
- \$20.2 million for damages and equipment loss associated with the first two National Security Cutters (NSCs) under construction.

CBP received \$34.5 million in P.L. 109-148. Of that amount, \$13.4 million is being used to replace property, such as scientific/lab equipment, aircraft, boats, vehicles and communication equipment. In addition, \$10.4 million provided is being used to re-establish CBP presence on the Gulf Coast in temporary modular building and new leased facilities. The final \$10.7 million supported critical information technology (IT) equipment replacement, such as voice and data infrastructure replacement, tactical communication replacement of repeater stations that support radio communications, replacement and repair of non-intrusive inspection equipment at the ports, as well as a mobile scientific lab.

Finally, Congress provided other supplemental funding that has supported the work of the Office of the Inspector General, equipment replacement and personnel relocations for the U.S. Secret Service, U.S. Immigration and Customs Enforcement and the Office of Grants and Training.

Stewardship over Resources Provided

We take seriously our obligations to protect the taxpayer against waste, fraud and abuse. Indeed, we have implemented specific controls in the wake of Hurricane Katrina to protect the taxpayer. Our efforts to manage controls are coordinated by our Katrina Internal Controls and Procurement Oversight Board -- which was established as a taskforce on waste, fraud and abuse to ensure that

proper controls are in place to manage the response to and recovery from Hurricane Katrina. Participants include or are represented by the following offices: the DHS Under Secretary for Management, Chief Financial Officer, Chief Procurement Officer, Office of the General Counsel, DHS Inspector General and FEMA.

We have actively engaged in a partnership with the Office of the Inspector General – including involving this Office upfront in our activities instead of just relying on after-the-fact audits. With funding provided by the Congress in the last supplemental appropriation, we are actively recruiting additional financial management and procurement staff for FEMA in order to bolster their ability to provide essential program management and oversight.

Current Supplemental Funding Request

In total, the current request for the Department of Homeland Security totals \$9.9 billion. As you would expect, almost all of this funding, \$9.7 billion in budget authority, is sought to support continued recovery of the Gulf Coast through the Disaster Relief Fund and the Community Disaster Loan program.

In the current request, the Department is seeking \$9.4 billion for the Disaster Relief Fund. Together with funding provided to date, this request will fund current estimates of Disaster Relief Fund needs for the disaster declarations issued for Hurricanes Katrina, Rita and Wilma along with currently estimated FY 2006 funding needs for other ongoing disasters. It is important to note that this does not include any costs for any potential *new* major event¹.

For the Community Disaster Loan Program, our request seeks \$400 million in additional loan authority, bringing our total commitment to \$1.4 billion for this program. The State of Louisiana has surveyed potential applicants in the State and estimates that there is critical need for an additional \$400 million to meet the cash flow needs of disaster-impacted communities over the coming months.

In addition to the request for FEMA's Disaster Relief Fund and Community Disaster Loan program, the supplemental request seeks a total of \$75 million in additional funding for FEMA communications equipment and additional staffing. For additional staffing, a total of \$5 million is sought to enable FEMA to hire 60 additional permanent staff this year. These additional staff will support FEMA activities across the spectrum of FEMA's programs, including Readiness, Mitigation, Response, and Recovery, both at headquarters and in the field. The supplemental request also seeks \$70 million to support FEMA's efforts to reconstruct and improve existing public alert, warning and crisis communications systems in the Gulf region.

For the Coast Guard, our request totals \$69.5 million. This funding will support 200 Coast Guard Reservists recalled to active duty for six months, including pay, temporary duty logistics support and per diem associated with the 200 Reservists directly supporting the Gulf region's recovery. Coast Guard Reservists have been a tremendous asset directly supporting all aspects of Coast Guard response and recovery efforts in the entire Gulf region. Keeping these dedicated Coast Guard

¹ It should be noted that the formulation of FEMA's normal Disaster Relief Fund budget estimate for any given fiscal year uses a five year rolling average of disaster costs less the costs of major events. This methodology is used to estimate the annual President's Budget request for the Disaster Relief Fund.

Reservists on active duty in the greater Gulf region is critical during the third and fourth quarter as we continue with these historic recovery efforts as well as focus on next year's hurricane season, beginning in June.

Of the requested \$69.5 million for the Coast Guard, \$62.2 million supports Phase II of the ISC New Orleans relocation and reconstruction in Michoud, Louisiana, due to the catastrophic damage by Hurricane Katrina and its associated flooding, as well as relocation of salvaged equipment from the current ISC New Orleans site.

Finally, our request seeks \$29.5 million for U.S. Customs and Border Protection (CBP) and the Office of the Inspector General. Funds sought for CBP will support repair of damaged facilities in New Orleans, LA and Gulfport, MS. Resources requested for the Office of the Inspector General (OIG) provide an additional \$13.5 million to be transferred to other Federal OIG offices to support, investigate, and audit recovery activities related to Hurricane Katrina and other hurricanes of the 2005 season.

Conclusion

While work still remains to ensure the Gulf Coast fully recovers from the devastating damage inflicted by the 2005 hurricane season, substantial progress has been made. We will continue to work with the Congress to ensure these efforts continue.

Thank you for inviting me to appear before you today. I am pleased to answer any questions you may have.